

# HOUSE BILL No. 1398

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** Noncode.

**Synopsis:** OSBE study and committee. Establishes the study commission on small business lending (commission). Provides that the commission consists of the following members: (1) One member of the senate appointed by the president pro tempore. (2) One member of the senate appointed by the minority leader of the senate. (3) One member of the house appointed by the speaker. (4) One member of the house appointed by the minority leader of the house. (5) The director of the office of small business and entrepreneurship (OSBE). (6) A representative of the: (A) Indiana Economic Development Corporation; (B) Indiana Bankers Association; (C) Indiana Credit Union League; (D) Indiana Chamber of Commerce; and (E) Greater Indianapolis Chamber of Commerce. (7) A representative of each Indiana small business development center regional office as designated by the OSBE. Requires the OSBE to do the following at the direction of the commission: (1) Conduct a study of small business lending in Indiana. (2) Identify and evaluate best practices of financial lending institutions that may help to facilitate small business lending and encourage entrepreneurial growth. (3) Study the feasibility of establishing a loan loss reserve account fund for the purpose of broadening access to financing for small businesses in Indiana. (4) Identify the most appropriate agency or office to administer a loan loss reserve account fund. (5) Make a recommendation of an appropriation amount to a loan loss reserve account fund taking into consideration any federal funds that may be available to the state as a result of establishing a loan loss reserve account fund. (6) Determine the fiscal impact to the state of establishing a loan loss reserve account fund. Requires the commission  
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**Effective:** Upon passage.

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## Austin

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January 13, 2016, read first time and referred to Committee on Financial Institutions.

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Digest Continued

to submit a written report of the study and recommendations of the OSBE and the commission to the legislative council before November 1, 2016.



Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

## HOUSE BILL No. 1398

A BILL FOR AN ACT concerning state offices and administration.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. [EFFECTIVE UPON PASSAGE] (a) **As used in this**  
2 **SECTION, "commission" refers to the study commission on small**  
3 **business lending established by subsection (e).**

4       (b) **As used in this SECTION, "loan loss reserve account fund"**  
5 **means a state fund established to provide partial risk coverage to**  
6 **third party lenders in the event of a small business loan default.**

7       (c) **As used in this SECTION, "OSBE" refers to the office of**  
8 **small business and entrepreneurship established by IC 4-4-35-3.**

9       (d) **As used in this SECTION, "small business" means a**  
10 **for-profit business located in Indiana that would be eligible for**  
11 **federal small business programs administered by the United States**  
12 **Small Business Administration using the size standards applied by**  
13 **the United States Small Business Administration to define small**  
14 **business concerns.**

15       (e) **The study commission on small business lending is**  
16 **established.**



(f) The commission consists of the following members:

(1) One (1) member of the senate appointed by the president pro tempore.

(2) One (1) member of the senate appointed by the minority leader of the senate.

(3) One (1) member of the house appointed by the speaker.

(4) One (1) member of the house appointed by the minority leader of the house.

(5) The director of the OSBE.

(6) A representative of the Indiana Economic Development Corporation designated by the governing board of the Indiana Economic Development Corporation.

(7) A representative of the Indiana Bankers Association designated by the governing board of the Indiana Bankers Association.

(8) A representative of the Indiana Credit Union League designated by the governing board of the Indiana Credit Union League.

(9) A representative of the Indiana Chamber of Commerce designated by the governing board of the Indiana Chamber of Commerce.

(10) A representative of the Greater Indianapolis Chamber of Commerce designated by the governing board of the Greater Indianapolis Chamber of Commerce.

(11) A representative of each Indiana small business development center regional office as designated by the OSBE. A representative under this subdivision may be a member of a local chamber of commerce within the geographic area of the regional office.

(g) The OSBE shall do the following at the direction of the commission:

(1) Conduct a study of small business lending in Indiana, including:

(A) a comparison of the lending standards, underwriting practices and trends, and demographic and business sector data for financial lending services to small businesses;

(B) factors that may impede lending to small businesses; and

(C) any other factors concerning small business lending as directed by the commission.

(2) Identify and evaluate the best practices of financial lending institutions or organizations both:



- 1           (A) nationwide; and  
2           (B) in Indiana;  
3       that may help to facilitate small business lending and  
4       encourage entrepreneurial growth.  
5       (3) Study the feasibility of establishing a loan loss reserve  
6       account fund for the purpose of broadening access to  
7       financing for small businesses in Indiana.  
8       (4) Identify the most appropriate agency or office to  
9       administer a loan loss reserve account fund.  
10      (5) Make recommendations for the administration of a loan  
11      loss reserve account fund.  
12      (6) Make a recommendation of an appropriation amount to a  
13      loan loss reserve account fund taking into consideration any  
14      federal funds that may be available to the state as a result of  
15      establishing a loan loss reserve account fund.  
16      (7) Determine the fiscal impact to the state of establishing a  
17      loan loss reserve account fund.  
18      (h) The commission shall prepare and submit a written report  
19      of the study and recommendations of the OSBE and the  
20      commission under subsection (g) to the legislative council before  
21      November 1, 2016. The report submitted to the legislative council  
22      must be in an electronic format under IC 5-14-6.  
23      (i) This SECTION expires January 1, 2017.  
24      SECTION 2. An emergency is declared for this act.

